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TAGS: <u>PGOV PREL ECON EFIN IV</u> SUBJECT: COTE D'IVOIRE: FN LEADER SORO PUSHES FOR BANKS TO

REOPEN IN NORTH

Classified By: Econ Chief EMassinga, reasons 1.4 (b,d)

- (C) Summary. Forces Nouvelles leader Guillaume Soro took surprise advantage of a December 11 courtesy call by Econ Chief and Econ/Pol JO to FN HQ in Bouake to make a very public push to reopen the banking sector in FN-held territory. Soro also sharply criticized President Gbagbo for his unwillingness to compromise on military reintegration, and took the U.S. and the international community to task for failing to stand up to the President. Acknowledging Prime Minister Banny's weakness and the President's relative strength, Soro believes Gbagbo is trying to tire out both the international community and the PM by the February review mandated by UNSCR 1721. Soro also dismissed concerns about conflict diamonds. End Summary.
- $\P2$. (C) Aware of the Econ Chief's intent to tour Bouake and Korhogo to, in part, examine the effects of the dearth of banking in the region, Soro used a well-prepared brief to exhort the international community to push for the reinstitution of banking services in his region. was well publicized, with FN TV covering the event extensively and several national dailies covering it. After the media took its pictures and departed, Soro began by presenting the FN's declaration of its adhesion to UNSCR 1721 and his party's wish for it to be applied in its entirety. Soro asked Econ Chief to inform the Ambassador and the USG that the FN accepts the stated will of the international community without reservation. Soro then addressed the recent moves to professionalize his army and the ${\tt FN's}$ civilian cadres, briefly noting FN announcements on that score held the prior week.

Banking

13. (C) Explaining that improvements in the civilian segment of the FN's administration is critical to putting into place a viable economy, Soro turned to banking, saying that the reopening of the banking sector after a four year absence was long-past due. The FN leader attempted to preempt the obvious question by saying that security would be assured and that the FN would do what is necessary to provide for the safety of banks and their personnel. Soro said the problem was more of a political one than anything, and that President Gbagbo opposes the concept on political grounds, despite the fact that depriving the people of the region of banking services is manifestly unfair. Soro compared the question of security in the North with that which exists in western, government-controlled Cote d'Ivoire, where banditry is rife. (Note: Econ Chief did not mention the unfortunate record of bank robberies in FN-held territory since their takeover in

- 12002. The last attempted robbery was against a Central Bank branch in Korhogo in July 2006, in which robbers abandoned several sacks of discontinued CFA bank notes. None of the bank robbers have been brought to book by the FN, although Licorne and UNOCI are technically responsible for protecting at least Central Bank interests in the North. End Note)
- 14. (C) Soro noted that the banking question is intimately tied to the vexing question of the redeployment of government cadres from the health, education and other ministries (septel) to their posts in northern prefectures. Previewing arguments Econ Chief would hear throughout his three-day swing through the heart of FN-territory, without banking services, government cadres are loathe to return to the north because receiving their salaries becomes so onerous. He pointed to the ongoing imbroligo between the Ministry of Education and FN authorities and their allies among the "volunteer teachers" working in northern schools since 2002 as a particular case in point as an example of how the absence of banking retards national reintegration (septel).
- 15. (C) FN Chief Spokesman Sidiki Konate noted that Western Union in Burkina had been close to sealing a deal in which it would begin operations in northern Cote d'Ivoire, but that that deal had been scuttled under unclear circumstances. Soro followed by asking Econ Chief to help organize a banking conference on operations in the north, and said he would be writing to the Finance Minister on the question. Konate followed this by reiterating before TV cameras and the national press the FN's strong wish to see banking services return to its region (see septel on banking).

Disarmament, Role of Ivorian Constitution

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- 15. (C) Soro then scorned the FPI and President Gbagbo for their insistence on disarmament before moving forward on other. He indicated the FN is ready to apply the agreed-to military accords to reunify the country's two armies. Trying to make the situation simple, Soro said "the country has need of 25 thousand troops. I have 30, the FANCI has 30. We each take the most fit 10 thousand, and the new body jointly recruits the remaining 5." Addressing the question of rank upon which FPI partisans focus, Soro drew a parallel with the integration of South Africa's army with the ANC's armed wing and said solutions to the grade question can be found. Acknowledging "30" cases of irregular promotion in the FAFN, Soro explained that FAFN General Guei had been made a colonel by FANCI General Mangou himself and that Commandant Kone merited his promotion from the non-commissioned officer ranks due to his ministerial status in the FN.
- 16. (C) Expanding on his tour of the history of recent African political reconciliation, Soro noted that in Congo Kinshasa political progress required a referendum and revision of a flawed constitution. Turning directly to the role of the United States, Soro said that "so long as the U.S. supports the constitution, Cote d'Ivoire cannot advance. UNSCR 1721 and the constitution cannot work in tandem." Recalling the early history of the Ivorian crisis, Soro remarked that UNSCR 1433 called for a national referendum, which was never held.
- 17. (C) Soro then turned to questioning Econ Chief directly, asking if the U.S. believes UN Chapter 7 can be used to suspend the constitution and if the U.S. supports maintaining Cote d'Ivoire's constitution as it is. He was dissatisfied, but not surprised, with the reiteration of our stated policy is that the constitution and UNSCR 1721 can work together with greater levels of political will.

Soro Turns Analytical

18. (C) The FN leader then became coldly analytical of the current situation. He said that the President did indeed

have the right to reinstate the DGs associated with the toxic waste scandal and replace the RTI DG under the constitution. Soro said that in February the UNSC would conduct its scheduled review of progress made in Cote d'Ivoire and would probably have little or no success to point to. At that juncture, according to Soro, Gbagbo would be able to argue that Banny has failed and that the President could then form his own government. "I would leave Banny in his post until then if I were him, not fire him" said Soro. Soro did indicate he would attend a Council of Government meeting in Yamoussoukro if the PM convened such a meeting, but "would never attend one in Abidjan again because of the lack of security."

Soro Responds to Questions on Diamonds

- 19. (C) Econ Chief raised the question of conflict diamond production in FN-held territory, using the release of the film "Blood Diamond" to introduce the topic. Soro said that diamond production is centered in and around Seguela, and is of a purely artisanal nature. Diamonds had been exploited for many years prior to the FN's existence, and Soro said the FN has not interfered in that ongoing production and extraction. He explained that many families subsist on income derived from this activity. If the UN would like to shut down diamond production in FN-held areas, Soro said, "they can come close the mines and monitor their closure themselves."
- 110. (C) Comment. In the course of the Soro meeting and subsequent meetings with FN officials and others in the north, it appears as if the FN is, in its own clumsy way, attempting to lay the foundation for more formal governance arrangements. The successful redeployment of health ministry cadres (septel) and the near completion of an agreement with the nation electrical distribution company to have residential customers begin paying some of their bills, among other steps, attests to this, as does the FN's keen desire to restart banking. Soro seems very aware that Gbagbo's political maneuverings will not likely lead to a breakthrough in the near-term, and is preparing accordingly. End Comment. Hooks